

Dennis C. Prouty
Director
515/281-5279
dennis.prouty@legis.state.ia.us

**STATE OF IOWA
LEGISLATIVE FISCAL BUREAU**

State Capitol
Des Moines, Iowa
50319

MEMORANDUM

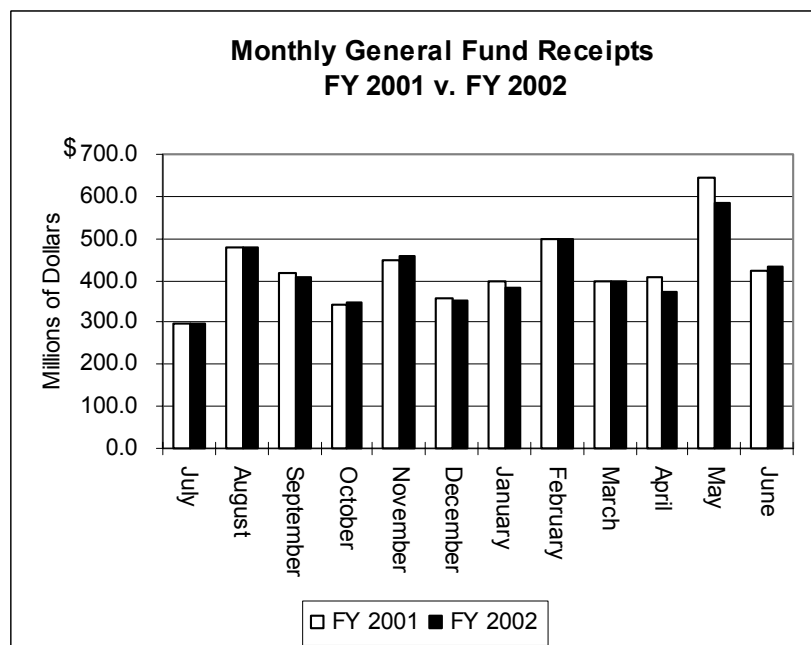
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: July 1, 2002

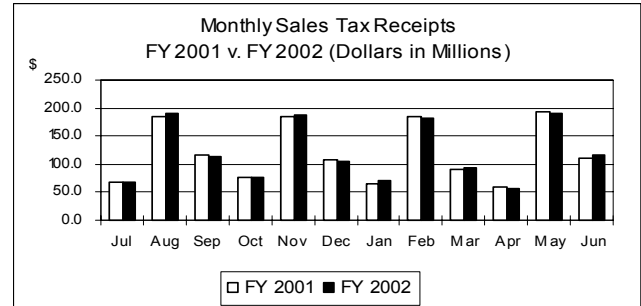
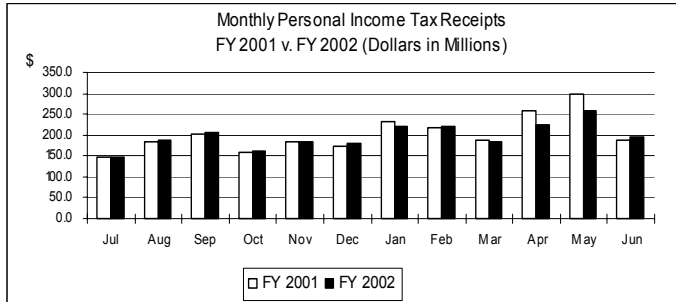
Monthly General Fund Receipts through June 30, 2002

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. Total FY 2002 General Fund receipts were \$5,007.5 million, which is an increase of \$59.2 million (1.2%) compared to the FY 2002 estimate (\$4,948.3 million) set by the Revenue Estimating Conference (REC) on May 7, 2002. The REC estimate represents a decrease of \$166.2 million (- 3.2%) compared to actual FY 2001.



FY 2002 Compared to FY 2001

Ending FY 2002 revenue decreased \$107.0 million (- 2.1%) compared to FY 2001. This is above the REC estimate of - 3.2% for FY 2002.



Gross personal income tax revenues received in June totaled \$196.4 million, an increase of \$8.0 million (4.2%) compared to June 2001.

The overall change in FY 2002 personal income tax was - 2.3% compared to actual FY 2001. The REC FY 2002 income tax estimate of \$2,341.1 million represents a projected change of - 3.5% compared to actual FY 2001.

The State tracks personal income tax in three sub-categories:

Withholding receipts in June increased 5.4% compared to June 2001. The overall change in FY 2002 was an increase of 3.0%

Estimated tax payments in June decreased 10.7% compared to June 2001. The overall change in FY 2002 was a decrease of 11.2%.

FY 2002 tax payments with returns decreased 30.4% compared to FY 2001. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

Sales tax revenues received in June totaled \$115.2 million, an increase of \$3.8 million (3.4%) compared to June 2001.

The overall change in FY 2002 sales tax was 0.8% compared to actual FY 2001. The REC estimate for FY 2002 sales tax receipts is \$1,451.6 million, which represents an increase of 0.7% compared to actual FY 2001.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

Corporate income tax receipts in June were \$33.6 million, an increase of \$1.1 million (3.4%) compared to June 2001.

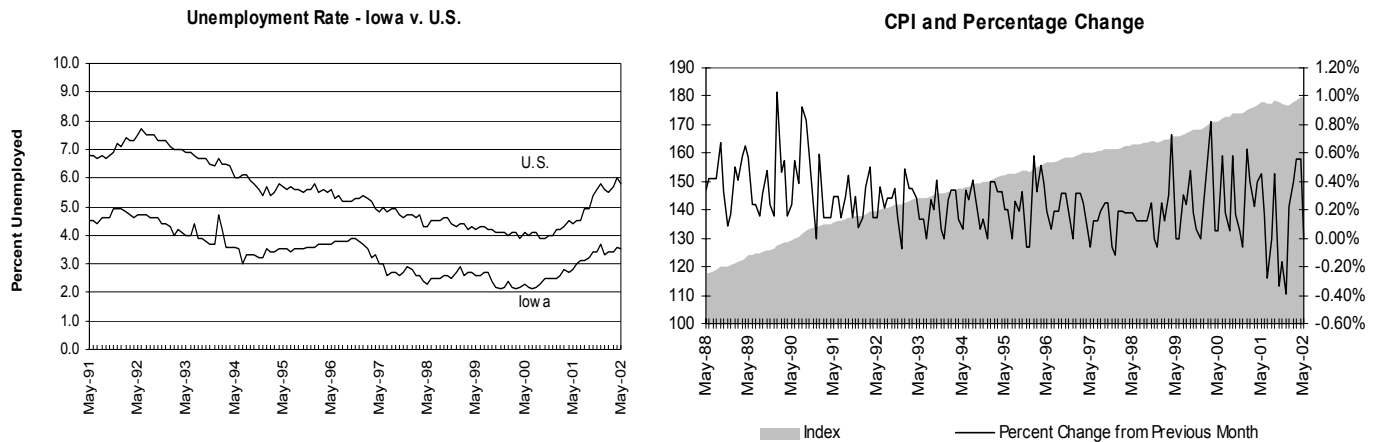
The overall change in FY 2002 corporate income tax was - 22.3% compared to actual FY 2001. The REC projected FY 2002 corporate income tax receipts at \$206.8 million, a decrease of 27.4% compared to actual FY 2001.

Status of the Economy

The May seasonally adjusted State unemployed rate decreased slightly to 3.5% from the April level. The unemployment rate a year ago was 3.3%. Iowa's total adjusted May employment registered a record high level at 1,565,100, up 33,600 from last year's level. The number of unemployed persons in Iowa was recorded at 57,600 in May, which is up 5,700 compared to last year's level. The amount of unemployed workers in May decreased 800 from last month's level. The U.S. unemployment rate in May decreased to 5.8% from the April level of 6.0%. The U.S. unemployment rate a year ago was 4.4%.

Consumer prices in May remained unchanged from the April level. The Consumer Price Index (CPI-U) through May 2002 was 179.8 (1983=100), which is 1.2% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through May 2002.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's website at: <http://staffweb.legis.state.ia.us/lfb/>.

GENERAL FUND RECEIPTS - FY 2001 vs. FY 2002 July 1 through June 30, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 01 Actual Compared to FY 02 REC Estimate		
	FY 2001	FY 2002	Year to Date % CHANGE	June % CHANGE	Actual FY 2001	Estimate FY 2002	% CHANGE
Personal Income Tax	\$ 2,426.6	\$ 2,372.0	-2.3%	4.2%	\$ 2,426.6	\$ 2,341.1	-3.5%
Sales Tax	1,441.7	1,453.0	0.8%	3.4%	1,441.7	1,451.6	0.7%
Use Tax	249.4	238.5	-4.4%	-21.5%	249.4	235.6	-5.5%
Corporate Income Tax	284.8	221.3	-22.3%	3.4%	284.8	206.8	-27.4%
Inheritance Tax	104.6	100.4	-4.0%	-39.3%	104.6	98.0	-6.3%
Insurance Premium Tax	126.6	135.4	7.0%	-3.4%	126.6	136.8	8.1%
Cigarette Tax	89.6	88.0	-1.8%	-11.4%	89.6	88.2	-1.6%
Tobacco Tax	6.7	7.1	6.0%	-12.5%	6.7	7.2	7.5%
Beer Tax	13.6	13.8	1.5%	0.0%	13.6	13.6	0.0%
Franchise Tax	31.2	30.9	-1.0%	-18.6%	31.2	28.5	-8.7%
Miscellaneous Tax	1.3	1.5	15.4%	63.6%	1.3	1.3	0.0%
Total Special Taxes	\$ 4,776.1	\$ 4,661.9	-2.4%	0.5%	\$ 4,776.1	\$ 4,608.7	-3.5%
Institutional Payments	47.2	48.6	3.0%	-15.9%	47.2	44.8	-5.1%
Liquor Transfers:							
Profits	37.5	38.5	2.7%	-14.3%	37.5	39.0	4.0%
7% Gross Revenue	9.0	9.0	0.0%	0.0%	9.0	9.0	0.0%
Interest	18.2	25.3	39.0%	444.4%	18.2	28.0	53.8%
Fees	72.5	70.2	-3.2%	1.6%	72.5	72.6	0.1%
Judicial Revenue	48.8	51.9	6.4%	361.5%	48.8	51.0	4.5%
Miscellaneous Receipts	45.2	42.1	-6.9%	-10.8%	45.2	35.2	-22.1%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$ 5,114.5	\$ 5,007.5	-2.1%	2.2%	\$ 5,114.5	\$ 4,948.3	-3.2%